

Federal Bonding program

UNIQUE JOB PLACEMENT TOOL

Answers to Questions About Fidelity Bonding

WHAT IS IT?

WHY IS IT NEEDED?

WHO IS ELIGIBLE?

HOW IS IT ISSUED?

HAS IT HAD SUCCESS?

WHERE TO GO TO GET IT?

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FEDERAL BONDING PROGRAM

"A vital resource in the provision of offender job placement services, the Federal Bonding Program has become a critical component of training for Offender Employment Specialist by the National Institute of Corrections, Office of Correctional Job Training and Placement." John E. Moore, Administrator, Office of Correctional Job Training and Placement, National Institute of Corrections, U.S. Department of Justice.

"It's a phenomenal job-selling tool." Bobby Genn, State Bonding Coordinator, New York State Department of Labor

"Employers were more willing to hire ex-offenders who are bonded "

"Bonding was the only variable to which the majority of employers (51%) responded favorably. This supports the importance of the Federal Bonding Program to ex-offenders." Study of "Employer Attitudes Toward Hiring Ex-Offenders" published in The Prison Journal, June 1996. Authored by Shelley Albright, Texas Department of Criminal Justice, and Furjen Denq, Sam Houston State University.

"A criminal past may prevent the transition from welfare to work." "Each year, the States of New York, Texas and California use hundreds of these special bonds to place at-risk employees in jobs. The bonds offer the reassurance many employers are seeking." Ruth Hammond, Pittsburgh City Paper, August 12, 1998.

" this innovative activity delivers a unique helping service that is not duplicated by any other program in the U.S. to secure the job placement of ex-offenders and other high-risk job applicants ..by providing employers with a special incentive to hire the

hardest-to-place jobseekers." "It has a proven track record " U.S. Department of Labor, Training and Employment Information Notice No. 5-98, August 3, 1998.

FEDERAL BONDING PROGRAM

WHAT IS IT?

Q. What Is The Federal Bonding Program?

A. It is a unique tool to help a job applicant get and keep a job. The program issues Fidelity Bonds, and is sponsored by the U.S. Department of Labor.

Q. What Is A Fidelity Bond?

It is a business insurance policy that protects the employer in case of any loss of money or property due to employee dishonesty. It is like a "guarantee" to the employer that the person hired will be an honest worker. The Fidelity Bonds issued under the Federal Bonding Program are insurance policies of the Travelers Property Casualty insurance company. The McLaughlin Company in Washington, DC, is the agent for Travelers in managing the program nationwide.

Q. How Does The Bond Help Someone Get A Job?

A. The bond is given to the employer free-of-charge, and serves as an incentive to the company to hire a job applicant who is an ex-offender or has some other "risk" factor in their personal background. The employer is then able to get the worker's skills without taking any risk of worker dishonesty on the job.

Q. What Exactly Does The Bond Insurance Cover?

A. It insures the employer for any type of stealing by theft, forgery, larceny or embezzlement. It does not cover liability due to poor workmanship, job injuries or work accidents. It is not a bail bond or court bond for the legal system. It is not a contract bond, performance bond or license bond sometimes needed to be self-employed.

Q. What Restrictions Exist In The Program's Bond Coverage?

A. The worker must meet the State's legal age for working; there are no age limits. The job usually is to be for at least 30 hours work per week. Workers must be paid wages with Federal taxes automatically deducted from pay; self-employed persons cannot be covered.

Q. Who Does The Program Help?

A. Bond coverage is provided for any person whose background usually leads employers to question their honesty and deny them a job. The program will cover any

person who is a "risk" due to their being in one or more of the following groups:

- ex-offender with a record of arrest, conviction or imprisonment; anyone who has ever been on parole or probation, or has any police record
- ex-addict who has been rehabilitated through treatment for alcohol or drug abuse
- poor credit record or have declared bankruptcy
- dishonorably discharged from the military
- persons lacking a work history who are from families with low income

Q. Can Other Persons Be Bonded?

A. YES. Anyone else who needs the program's bond in order to get a job. (For more information, read "Why Bonding is Needed" and "Who Is Eligible" in the pages that follow.)

WHY IS IT NEEDED?

Q. Since Employers Buy Fidelity Bond Insurance To Protect Against Employee Dishonesty, Why Is The Program's Bond Needed?

A. Fidelity Bonds that employers purchase commercially do not cover anyone who has already committed "a fraudulent or dishonest act." Ex-offenders and other job applicants with questionable backgrounds are designated by the insurance industry as being NOT BONDABLE because they are too risky to insure for job honesty.

Only the Federal Bonding Program will issue bonds to employers to cover anyone who is usually NOT BONDABLE. As a result, bonding is eliminated as a barrier to employment and the program serves as a unique job placement tool.

Q. Is It Legal for Employers to Deny Employment To Applicants Who Are NOT BONDABLE Under Commercially Purchased Bonds?

A. Employers fear that applicants who are NOT BONDABLE will be untrustworthy employees, and companies can require bonding and deny employment on that basis. The Federal Bonding Program can help overcome that employer fear by making the applicant BONDABLE. The program's bond is like a guarantee of employee job honesty for the hardest-to-place job applicants.

Q. Can the Program's Fidelity Bond Coverage Exist Forever?

A. The key purpose of the program's bond is to help an at-risk applicant

get a job. The bond insurance is issued free-of-charge to the employer for a period of six months. If the worker demonstrates job honesty during the six months of Federal Bonding Program coverage, that worker can become BONDABLE FOR LIFE under commercial bonding made available to the employer for purchase from the Travelers Property Casualty insurance company.

FEDERAL BONDING PROGRAM

WHO IS ELIGIBLE?

Q. How Can You Know If You Qualify for Obtaining Bonding Services?

A. Anyone who cannot get a job without bonding is eligible for help by the Federal Bonding Program. All individuals who have, in the past, committed a fraudulent or dishonest act, are eligible for bonding services. These persons include ex-offenders and ex-addicts, as well as people who have poor personal credit, poor persons who lack a work history, and individuals who were dishonorably discharged from the military.

Q. At What Age Can You Obtain Bonding From The Program?

A. You must meet the legal minimum working age set by the State in which the job exists. The program has no maximum age limit.

Q. What If You Have Already Been Told By A Company That You Are "NOT BONDABLE"?

A. The main reason that the Federal Bonding Program exists is to help get a job for any person who experiences bonding as a barrier to getting a job. The program will bond anyone who has been told (or will be told) that they are NOT BONDABLE.

Q. Can The Program Bond Persons Who Are Self Employed?

A. NO. The program's fidelity bond is issued to an employer to cover only a worker who earns wages with Federal taxes automatically withheld from the worker's paycheck.

FEDERAL BONDING PROGRAM

WHO IS ELIGIBLE?

Q. Can Bonding Be Issued For A Worker Placed On A Part-Time Job or a Temporary Job?

A. Usually, bonding is issued to cover workers who obtain permanent jobs providing at least 30 hours work per week. However, the agency issuing the bond can make an exception to this rule if they determine it is needed.

Q. If An Applicant Is To Be Placed On A Job Where Bonding Was Not Previously Required, Can A Bond be Issued?

A. YES. Bonding can be provided for any job if issuance of the bond is the difference between getting the job and not getting it. Job placement often occurs simply due to the fact that the bond overcomes an employer's fear that the job applicant may be a dishonest worker.

Q. Can Bonding Be Issued To Cover An Already Employed Worker?

A. The main purpose of the Federal Bonding Program is to help secure employment for applicants who are having a hard time getting a job due their questionable backgrounds. However, a bond can be issued to cover a current employee who is NOT BONDABLE under the employer's insurance, and needs the program's bonding to secure a promotion to a new job requiring bonding or to prevent being laid off.

Q. Is A Person On Welfare Automatically Eligible For Bonding?

A. Most welfare recipients will be eligible due to the fact that have a poor credit history or have declared bankruptcy. Also, some of these individuals will be eligible due to being ex-offenders or ex-addicts or to their lack of a work history.

FEDERAL BONDING PROGRAM

HOW IS IT ISSUED?

Q. Who Must Request Issuance Of The Fidelity Bond?

A. Issuance of the bond for job placement to occur can be requested by either the employer or the job applicant. This request is to be made to the local agency certified by the Federal Bonding Program. In most cities, all State Employment Service local offices are certified to issue bonds as an employer incentive for job hire. Sometimes these offices are designated as the State Job Service or One-Stop Career Center. For further help, make contact as indicated on the last page of this brochure.

Q. Can The Bond Be Issued At Any Time?

A. For the bond to be issued, the employer must make the applicant a job offer and set a date for the individual to start work. The job start date will be the effective date of the bond insurance which will terminate six months later. After the six months, continued coverage will be made available for purchase if the worker has exhibited job honesty under the program's bond.

Q. How Much Bond Insurance Coverage Will Be Issued?

A. A total of \$5,000 bond coverage is usually issued, with NO DEDUCTIBLE amount of liability for the employer. Larger bond amounts can possibly be issued if the certified agency issuing the bonds has acquired a special bond package and has determined that larger bond amounts are appropriate.

Q. What Papers Must The Employer Sign And What Other Actions Must The Employer Take In Order To Get The Bond?

A. NONE. Once the date is set for the applicant to start work, the bond can be issued instantly. The employer signs NO papers, and keeps NO special records since the bond is self-terminating. The bond is mailed directly to the employer by The McLaughlin Company in Washington, DC as agent for Travelers.

FEDERAL BONDING PROGRAM

HAS IT HAD SUCCESS?

Q. How Many People Have Been Helped By The Program?

A. About 40,000 applicants have obtained jobs due to being bonded, and 99% have proven to be honest employees.

Q. What Do Employers Think About Bonding As A Job-Hire Incentive?

A. A research study published by a university in Texas surveyed employer attitudes toward hiring ex-offenders. Only 12% said that they were willing to hire these applicants. However, 51% said that they would hire ex-offenders if they were bonded.

Q. What Proof Is There That Bonding Is Needed and Useful?

New York State found that having a job helps prevent a parolee from returning to prison. The fact is that 89% of persons who violated parole were unemployed at the time. Texas found that Project RIO bonding and other services for releasees from its State prisons saved the State \$10 million annually, and made tax payers out of tax users. A study of the U.S. Department of Justice found that released felony offenders with histories of alcohol and drug offenses were able to be helped to secure steady employment by offering employers bonding as a job-hire incentive. In August 1998, the Pittsburgh City Paper brought attention to the fact that "a criminal past may prevent the transition from welfare to work," and called for expanded use of the Federal Bonding Program to deal with this job placement problem.

Q. Are There Other Benefits In Use Of Bonding Services?

A. YES. A greater variety of jobs can be obtained by applicants, and more higher wage

jobs can be obtained.

FEDERAL BONDING PROGRAM

WHERE TO GO TO GET IT?

Q. What Do You Have To Do To Get Bonding Services?

A. The employer or job applicant should contact the nearest State Employment Service (ES) local office, also known as the State Job Service and One-Stop Career Center.

It is usually necessary for the applicant to first visit and register with the State Employment Service local office. There are no papers to be completed by the job applicant or the employer in order for the bond to be issued to the employer to cover the job honesty of the worker. Before a bond can be issued, the applicant must receive a job offer and the employer must schedule a date to start work. The ES local office then will inform The McLaughlin Company in Washington, DC, to issue to the employer a Fidelity Bond insurance policy covering the worker. This policy is underwritten through the Travelers Property Casualty insurance company.

Q. How Does The Employer Learn That Bonding Is Available?

A. State Employment Service representatives usually inform employers about the availability of bonding services through ES local offices. Job applicants should also inform employers about bonding in their job search interviews.

FEDERAL BONDING PROGRAM

WHERE TO GO TO GET IT?

Q. Is There Specific Phone Number To Call To Get Further Information On Bonding Services?

A. YES. Make phone contact using the appropriate number for your State as shown in the listing below.

Location

Phone No.

AK

907-465-5926

AL

334-242-8039

AR

501-682-1893

AZ
602-495-1861

CA
916-654-9715

CO
303-620-4202

CT
860-263-6041

DC
202-724-7145

DE
302-761-8111

FL
850-488-9250 X-1217

GA
404-656-3160

HI
808-586-8815

IA
515-281-9337

ID
208-334-6161

IL
312-793-6811

IN
317-233-4910

KS
785-296-7435

KY
502-568-1770

LA
225-342-3037

MA
617-626-6448

MD
410-767-2022

ME
207-624-6488

MI
313-876-5382

MN
651-296-5657

MO
573-751-3773

MS
601-961-7529

MT
406-444-3480

NC
919-733-6745

ND
701-328-2863

NE
402-471-9826

NH
603-228-4083

NJ
609-984-3530

NM
505-841-8878

NV
702-687-4601

NY
518-457-2316

OH
614-728-1697

OK
405-557-7257

OR
503-281-2663

PA
717-787-6915

PR
787-754-5151 X-2240

RI
401-277-3724

SC
803-737-2593

SD
800-592-1882

TN
615-741-3780

TX
512-463-0834

USVI
340-776-3700

UT
801-468-0030

VA
703-246-3033

VT
802-828-4350

WA
360-438-4059

WI
608-261-6536

WV
304-558-2643

WY
307-235-3611

Any job placement agency can purchase
Fidelity Bonds to be offered to employees
as
a job-hire incentive.

For further information please call or write
to:

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